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**PROTONEX RECEIVES VC FINANCING
FOR PORTABLE FUEL CELL TECHNOLOGY**

DATELINE: SOUTHBOROUGH, MA; MARCH 16, 2004... Protonex Technology Corporation, today announced they received early stage financing to further develop their portable fuel cell technology for commercial applications. The financing was led by Conduit Ventures, Ltd with co-investors SAS Investors, Solstice Capital and Commons Capital. As a result of the funding, George Abraham, Partner of SAS Investors and John Butt, Partner of Conduit Ventures, joined the Board of Directors with existing board members Paul Osenar and Norman Strate of Protonex.

Protonex's portable fuel cell systems are compact, lightweight and durable, providing customers with a preferred alternative to heavier, short-term power sources such as batteries and generators. Protonex has developed a strong base of proprietary fuel cell technology and has multiple patents pending. Originally developed for the military, Protonex is accelerating market growth by adapting their product line to accommodate a wide range of industrial, commercial and government applications.

From U.S. Military Need to Commercial Use

Protonex has been working with the military since 2000 to develop a portable, long duration power solution for portable applications. A soldier on a 3 day mission, for example, would need to carry over 20 pounds of batteries to equal the power of one Protonex portable fuel cell system. Weighing less than 5 pounds with fuel, Protonex's products offers key advantages over conventional batteries such as increased operating times and fast refueling in the field.

Targeting the 10 to 1000 Watt range, Protonex's portable fuel cell systems are now being adapted for a wide range of mobile electronic equipment with commercial, industrial and government applications. According to Norman Strate, CEO of Protonex, taking a technology from tactical to practical is a proven path to commercialization. Protonex's design offers key advantages over conventional batteries such as increased operating times and fast refueling in the field.

"We are broadening our product line to accommodate a wide spectrum of military, industrial, commercial and government applications," says Strate. "These markets can now benefit from the programs advanced by the military to obtain leading edge, affordable, long duration portable power."

Portable Fuel Cell Market is Poised for Major Growth

In an economy where most emerging technologies are devoid of venture capital funding, Protonex has attracted the attention of several high quality technology investment firms in the United States and Europe. John Butt, CEO of Conduit Ventures, Ltd., an European based venture capital firm, believes that portable fuel cell technology is poised to become the power source of choice across multiple market applications in the near future.

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"The opportunity for fuel cells in the portable power market remains untapped," says Butt. "The portable fuel cell market is substantial, growing and undergoing a major technological transition towards commercialization. The proprietary fuel cell systems Protonex has developed for the U.S. Military uniquely positions them to become a market leader in portable fuel cell power across multiple applications. We are excited about this opportunity, the commercialization path they have chosen, and the early customers and partners they have engaged."

"We are impressed with the advanced nature of Protonex's technology and their world class technical team," said George Abraham, partner of SAS Investors. "We are excited about the prospect of working with Protonex to create a game changing company."

About Protonex Technology Corporation

www.protonex.com

Established in 2000, Protonex provides long duration portable and remote power sources. They provide complete power solutions, fuel cell stacks and application engineering services to OEM customers for portable and remote off-grid applications poorly served by existing battery, generator, solar and other power technologies. Protonex's innovative fuel cell technology complements existing power technologies and is utilized in hybrid designs for customer applications in the 10 to 1000 Watt power range.

About Conduit Ventures, Ltd.

www.conduit-ventures.com

Conduit Ventures, Ltd. is the first European based venture capital company that focuses purely upon fuel cells and related hydrogen technologies. The cornerstone investors of this fund are Shell Hydrogen of Amsterdam, The Netherlands, Mitsubishi Corporation of Tokyo, Japan, Danfoss A/S of Nordborg, Denmark, and Johnson Matthey plc of London, United Kingdom.

About SAS Investors

www.sasinvestors.com

SAS Investors (formerly known as "Silicon Alley Seed Investors") facilitates the creation and growth of seed and early stage core technology companies in the Mid-Atlantic and Northeast regions. Located in New York City and backed by Canaan Partners, Rho Capital Partners and Sevin Rosen Funds, SAS Investors targets companies that provide solutions based on technology emerging out of tech transfer centers, universities, and/or corporate labs in which a subject matter expert has developed unique IP that is particularly relevant to industry pain points. For information about SAS Investors, contact George Abraham (212) 367-7676 x141, gabraham@sasinvestors.com.

About Solstice Capital

www.solcap.com

Solstice Capital seeks superior venture capital returns through investments in seed and early stage companies in the sectors of alternative energy, education, the environment, life sciences and information technology. The first Solstice fund, formed in 1995, invested in 21 portfolio companies. Solstice Capital II was formed in July 2001, and currently has 19 portfolio companies. Solstice Capital has \$85 million of capital under management.

About Commons Capital

www.commonscapital.com

Located in Boston, MA, Commons Capital invests in clean energy and environmental technology companies and has several investments in the hydrogen and fuel cell industries. The firm is affiliated with Investors' Circle, a national network of 100 high net-worth individuals and venture funds investing in early stage clean technology companies for a sustainable future.

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